

Remarks

Applicants respectfully request reconsideration of the application.

Claims 1-35 are rejected under 35 U.S.C. Section 102(b) as being anticipated by U.S. Patent No. 5,310,222 to Chatwin et al. ("Chatwin"). Applicants respectfully request reconsideration of the application.

Chatwin does not anticipate claims 1-35

Claim 1

Chatwin does not teach all of the elements of claim 1. For example, reflective metal 5 is not a "first covert material" as defined in claim 1. The reflective metal is necessarily visible and reflects visible light in order for layer 5 to reflect visible light through the diffracting pattern.

As another example, reflective layer 5 and printing images 4 are on the same side of the diffracting pattern 3. In contrast, claim recites first and second cover layers that are disposed adjacent to first and second sides, respectively, of the optically variable layer.

As another example, Chatwin is silent regarding the claimed first effect produced upon attempted intrusion. The Office Action cited Chatwin's metal layer as corresponding to the claimed "first covert layer" but did not explain how this metal layer was allegedly constructed and arranged to produce the claimed first effect upon attempted intrusion.

Dependent Claims 2-16

Dependent claims include elements that Chatwin does not disclose, teach or suggest. For example, claim 5 precludes the Office's interpretation that Chatwin's metal layer corresponds to the first covert material.

As another example, Chatwin does not teach the polymeric liquid crystal of claim 7.

As another example, claim 8 precludes the Office's interpretation that Chatwin's printing images correspond to the second covert layer because these printing images do not comprise an adhesive.

There are additional examples not mentioned here because claim 1 is sufficiently distinguished from Chatwin.

Claims 17-29

Chatwin fails to anticipate claim 17 for similar reasons as provided above for claim 1. Similarly, dependent claims 18-29 are patentable over Chatwin.

Claims 30-32

As noted above for claim 1, Chatwin's printing image 4 and metal layer 5 are on the same side of the diffractive pattern 3. As such, the Office's interpretation that the metal layer 5 and printing image 4 correspond to the first and second covert layers does not apply to claim 30.

Claims 31-32 are similarly patentable over Chatwin.

Claims 33-35

The Office Action does not describe, nor does Chatwin disclose, the ADVANTAGE material in combination with the other elements of these claims.

In view of the above, the claims are patentable over Chatwin.

Date: April 18, 2007

CUSTOMER NUMBER 23735

Respectfully submitted,

DIGIMARC CORPORATION

Phone: 503-469-4800
FAX 503-469-4777

By /Joel R. Meyer 37,677/
Joel R. Meyer
Registration No. 37,677